

What We Learned Today. NYFRB Engaged in Cover-Up

WASHINGTON. D.C. – Following today’s hearing of the House Committee on Oversight and Government Reform examining the government’s role in bailing out AIG counterparties and hiding its details from the American public, Ranking Member Darrell Issa (R-CA) [made public a document \(Schedule A\)](#) that the Federal Reserve Bank of New York (FRBNY) wanted kept confidential by the Securities Exchange Commission (SEC) until 2018.

“It’s not conjecture, it’s not speculation, it’s fact, the New York Fed gave a back-door bailout to AIG’s counterparties and then tried to cover it up,” Issa said. “The veil of secrecy that swept through the Fed embraced a mentality that treated transparency as a dispensable luxury rather than a moral imperative.”

NYFRB E-Mail on November 11, 2008: “As a matter of course, we do not want to disclose that the concession is at par unless absolutely necessary.”

NYFRB: November 25, 2009: “I don’t think any of us expected that ML II and ML III documents would be publicly available...”

NYFRB E-Mail on January 13, 2009: “They [SEC] did, however, offer to implement special security procedures for handling of the document...providing for its storage in a special area at the SEC where national security related files are kept...”

NYFRB E-Mail on February 23, 2009: “Also, we have specifically told the firm not to disclose that the counterparties received par consideration for the transaction...”

NYFRB E-Mail on March 12, 2009: “Even if we succeed in redacting the stuff we want to redact, people should be conscious that this redacted information will sit in the SEC’s files, and the SEC may well get a request from Congress for that information. I don’t know if there’s a way to manage it so that Congress won’t ask for it, or if they do, won’t release it.”

Regarding Secretary Timothy Geithner’s testimony addressing the NYFRB’s efforts to limit public disclosure, Issa said, “If he didn’t know, he should have and no one has answered the question as to why the New York Fed were so adamant at keeping details of the counterparty

deal confidential. If he or anyone else thinks that this investigation will stop after today's hearing – they are completely mistaken. There has been a widespread effort by officials at the NY Fed to thwart transparency and working with the SIGTARP, we will continue to pursue this investigation for as long as it takes to get the truth. Unfortunate as it may be for those who acted deliberately to deceive the American people, there is no statute of limitations in our pursuit of transparency."

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